

Inside Indian Business Culture



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India-based executives share their perspectives on how to effectively deal with local business culture.

Cheap labor. Call centers. American job grabbing. Until recently, that was how many Americans saw India. Then came President Barack Obama's flying visit to India in November 2010, with an entourage of 200 American CEOs, including Boeing's Jim McNerney and General Electric's Jeffrey Immelt. In three days, President Obama secured deals worth \$10 billion, saving 50,000 jobs. More important, he embraced India as a trade partner that can create jobs in the United States rather than destroy them. "Increased commerce between the United States and India can and will be a win-win proposition for both nations," the president said. "We have a potential that has barely been scratched."

Potential is the key word. India is still only number 12 in the list of U.S. trade partners—even tiny nations such as the Netherlands do better—and bilateral trade touched barely \$48 billion in 2010, according to figures from India's Ministry of Commerce. But that untapped potential is drawing U.S. investors to India, especially in undeveloped areas such as infrastructure, transport and technology. GE, for instance, is investing \$200 million in India over the next five years, and it already employs more than 12,000 people in the country.

But Americans doing business in India need to be prepared for a bumpy ride. A 2010 study by the World Bank called "Doing Business 2011," which gauged the ease of conducting business worldwide, ranked India 134th among 183 nations. Red tape, corruption and cultural differences can make India difficult for some investors, but double-digit growth, the pervasive use of English and a young workforce will keep others coming back for more.

Five executives and entrepreneurs who have worked in both India and the U.S. offer the following tips for doing business in one of the world's fastest-growing economies.

The Country Head

Philip Lewin is country head of India for American Airlines, which has 87,000 employees worldwide. The American-born Lewin moved to India in 2009 after stints in the U.S. and Europe.

What has been your biggest challenge doing business in India?

Keeping pace with rapid changes in India—regulatory laws, tax laws and the booming economy. The

business environment is changing so rapidly that it takes all one's awareness just to stay in place. Maintaining a work-life balance is also very difficult because people generally work 24/7, especially in a service industry such as ours. In the U.S. customers often prefer self-service. Here, customers expect the personal touch.

How would you describe Indian work culture?

Face time is crucial in India. Driving two hours to meet somebody when you could just have emailed them may not seem very efficient, but it's important to build relationships. Also, India is a gentler culture than the U.S. People prefer a more subtle, less direct approach, which I for one appreciate.

What are the positives about doing business in India?

The most amazing thing now is the way in which Indian businesses are asserting themselves on the global stage. Earlier, the focus was on outsourcing; now Indian companies are expanding overseas and creating jobs in the U.S.

Any tips for executives?

- Do your homework and liaise with organizations such as the American Chamber of Commerce or the Indo-American Chamber of Commerce to understand the complexities of India. Make sure you get the best experts, even if they're expensive, to advise you on laws and regulations.
- Make sure that key commitments are in writing.
- Build multiple relationships with people in the same organization so that you always have an entry point. Relationships are key.

The Banker

Sapna Chadha, director of marketing and product development, consumer card and small business services for American Express in Gurgaon, was born in the U.S. to Indian parents. Chadha came to India in 2008 because her husband moved here, and she had always wanted to work abroad.

What cultural differences do you find most challenging, and how do you deal with them?

It's a very "yes, sir" culture; people will often say yes to avoid an uncomfortable situation, even if they can't meet your deadline. People take more sick days here than I have ever seen, not because they are sick but often for good reasons which they are afraid to tell you, such as attending a PTA meeting.

Does hierarchy work differently in India?

India is definitely much more hierarchical. Many of my younger staff were very wary about speaking out in front of me. I had to convince them that I really wanted to hear their ideas, and then they finally started giving me their opinions.

What do you enjoy about working in India?

Many of the Indian managers [I work with] are incredibly bright and well-educated. All they need is training in soft skills—such as communication, relationship-building and presentation. My advice is for senior executives to spend more time mentoring, because it really pays off.

What's your advice for Americans in India?

- Take time to learn the lingo. People speak English but often speak it in a different way. For example, Indians abbreviate the names of months and say Feb instead of February, which can be very confusing.
- Understand the diversity of India. India's four metros—Delhi, Mumbai, Chennai and Kolkata—are all very different from each other.

- Always assume deadlines may not be met. Build in a buffer, especially with external vendors.

The Small-Business Owner

Vish Sastry Rachakonda, CEO of Small Business Express, with 30 employees in Bengaluru and the U.S., was born and raised in India. Rachakonda worked for more than 10 years with American Express and Discover Financial in the U.S., then returned to India to start his online marketing and web design business in 2008.

What are the issues that small-business owners have to grapple with in India?

Running a business in India is still very paper-intensive, in contrast to my paperless office in the U.S. Also, while things have gotten a lot better, the Indian government is still stuck in a socialist mindset. For example, businesses are charged more for electricity and water, which makes no sense to me because we are creating jobs.

Is corruption still a challenge?

Yes, at almost every stage. For example, we had a guy from the Labor Department who threatened to shut us down because local laws require us to put up a sign in Kannada, the local language. We did have such a sign, but then he argued that the lettering in our English sign was smaller than the one in Kannada. I was told that he was just looking for a bribe, [our country is partly American, so] bribing someone is absolutely forbidden. Eventually, we hired a liaison agency to deal with government offices for us, which is what many firms do. I don't know how they get things moving, and I don't want to know.

Do you see a difference in professionalism between the U.S. and India?

Yes, fresh graduates here are often very raw. It's a myth that there are plenty of highly trained engineers, because many find even basic math and English a challenge. Of course, there are good people at the top, but there's huge demand and not enough trained graduates.

What are the advantages of operating in India for small businesses?

Huge cost savings. For instance, I am setting up a security infrastructure, and to do this in the United States would cost me \$50,000. Here, it cost me \$10,000.

Are there any special India moments that sum up the country for you?

In 2008, we had to lay off people in both India and the U.S. Those in the U.S. took it very calmly, while those in India wept and cursed. However, the surviving staff in India offered to take pay cuts if we could keep on more people. This sums up India for me: Things don't always go as you planned, but people are genuinely warm and passionate about their companies and coworkers.

The Entrepreneur

Rajat Rakkhit is CEO and cofounder of Elucido Media Networks, with 50 employees in Bengaluru, Singapore and the United States. He was born in India, and studied and worked in the U.S. for more than 20 years with such companies as Cypress Semiconductors and AMD before returning in 2008 to launch Elucido, which offers interactive digital media services.

How does the Indian workplace differ from the U.S. one?

In the U.S., everything is based on the value of the proposition; it's very objective. In India and across Asia, relationships are crucial to get things done—it's all about who you know. For an American executive just coming in, this can be very frustrating, but I have learnt to build networks.

Is there a difference in terms of professionalism?

Deadlines are often stretchable, and senior executives have to take on a lot of responsibility. If you assign an active request to a subordinate in the U.S., it will get done. Here, I have a reminder set to remind myself to remind other people! Fear of failure is very strong here, and people are generally very risk averse.

What do you see as the positives of doing business in India?

India has over 600 million people under 35. It's the only country that is getting younger, not older. The young people I see are very different from the older generation. My hope is that when they enter the workforce in a few years, we will see a huge difference.

Any tips for American executives in India?

- Patience is a virtue everywhere, but here it's a bigger virtue.
- People are fundamentally cooperative if you explain your dream to them.

The Leadership Guru

Dr. Matthew Barney serves as vice president and director of the Infosys Leadership Institute in Mysore. Infosys has 130,820 employees worldwide. The American-born Barney came to live in India in 2009 but has been visiting the country since 1996.

What was your biggest adjustment coming to India?

In the U.S., I only had two phones and voicemail. Here, I have three phones and I am expected to answer them all the time. Americans would find it insulting, but here it's a sign of respect to the other person to be constantly available.

What are the positives of working in India?

The culture is so pro-education and pro-science in particular. My neighbor is a math professor, and there are about 400 students coming to his house every day at 4 a.m. to study math. That would never happen in the U.S. Senior executives are much more ready for science-based discussions than in the U.S. However, sometimes people can't think out of the box. We had a very senior Pepsi executive visiting us. I asked the staff to get the conference room ready, but they stocked it with Coke products! India has amazingly diverse people, so you can have brilliant executives and unskilled junior staff working side by side.

Are things changing for the better?

Definitely. I have been visiting India since liberalization in the mid-'90s, and I have seen tremendous change. Indian airlines and telecoms are better in every way than in the U.S., and I believe that the government will soon throw open other sectors. Most Indians are hugely in favor of liberalization.